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**R. J. REYNOLDS TOBACCO COMPANY
PACK OUTLET RETAIL PARTNERS PROGRAM - BASE CONTRACT
SELF-SERVICE**

R. J. Reynolds Tobacco Company (RJR) is pleased to announce the following Retail Partners program effective April 1, 1995, for retail accounts that meet the following criteria:

- 51% or more total industry volume sold by the pack
- 100+ cartons industry brands and minimum of 17 cartons of RJR brands sold per week.
- Distribution of RJR brands in all price-tiers as required.

Retailers not meeting the above requirements should discuss alternatives with an RJR Representative.

PROGRAM ELEMENTS:

- RJR Full Price pack display in prime position.
- RJR Full Price pack display in primary selling area.
- RJR Savings brand pack display(s) in a primary Savings Brand position.

ELEMENT REQUIREMENTS

Full Price Displays

- Display #1 must be located at #1 cash register in primary position as determined by an RJR representative.
- Display #2 must be located in primary selling area, in a position agreed upon by an RJR representative.
- Both displays must be self-service and may not be obstructed from consumer by competitive displays or other products.

Savings Display

- Selected display(s) must be adequate in size to display and promote ALL RJR Savings Brands designated for display by an RJR representative.
- Multiple displays/locations may be used to adequately merchandise RJR Savings Brands, as approved by an RJR representative.
- Retailer will provide RJR pricing capability no less than parity with other tobacco companies.

Other

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RJR reserves the right for final approval of display/advertising types, sizes and locations.

ADDITIONAL REQUIREMENTS

- Retailer further agrees to:
 - Display RJR "Lowest" brands, if applicable
 - Provide RJR accurate volume information
 - Authorize primary and other suppliers to release brand style volume information to RJR.
 - Provide RJR share of available signage (excluding signage on displays/fixtures) equal to RJR Share of Market.
 - Provide RJR share of space equal to RJR share of market on carton merchandiser, if applicable. Minimum acceptable space as determined by an RJR representative.
 - Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.
 - Accept new RJR brand styles, as requested.
 - Permit RJR to make reasonable audits of performance and to inspect and rotate RJR products.
- Permanent RJR advertising will be affixed to RJR displays/merchandisers utilized under this agreement. Retailer will not permit additional advertising of any kind, including that relating to retailers own products, to be affixed to or interfere with RJR displays.
- Changes in agreed location of displays/advertising, or effectiveness of location will result termination of this agreement.
- Restricting RJR's ability to display, promote or distribute RJR brands or the ability to compete equally with other tobacco companies in all areas at retail, will result in termination of the agreement.
- RJR reserves the right to modify or terminate this agreement after notice to retailer. In the event of failure of performance by the retailer, this contract may be terminated by RJR forthwith and without notice.

PAYMENT

- RJR volume will be determined by the average weekly sales of all RJR brands during the most recent 3-month period.
- RJR will pay qualifying retailer \$_____ * per month for performance of all requirements under this agreement.

R. J. Reynolds Tobacco Company will make payments by check as soon as practicable after the end of each calendar quarter. Payments will be made for stores rendering full performance during a quarter, and on a pro rata basis for stores rendering performance for less than one full quarter, but more than one calendar month. Retailer will not deduct amounts due under contract from invoices due RJR.

* See Contract Payment Summary